

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
801 West Badger Road  
Madison, WI 53702**

**CORRESPONDENCE MEMORANDUM**

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**DATE:** October 24, 2002

**TO:** Deferred Compensation Board Members

**FROM:** Mary Willett, Director

**SUBJECT:** Additional Investment Option Consideration  
Global Asset Allocation Funds and REITs

Staff has identified additional asset classes of options that could be considered for offering in the Wisconsin Deferred Compensation Program's (WDC) investment spectrum. Although the current core spectrum offers a very broad range of choices to WDC participants, the Board may wish to consider options that would provide even more diversification opportunities. The following describes two asset classes that might be worth further research to determine if they would be appropriate for the WDC.

**Global Asset Allocation Fund**

This asset class typically invests in domestic, international and emerging markets, with investments in stocks, bonds and sometimes real estate. The advantage of this type of option is that participants who want an easy approach to investing can select this one option and have a diversified retirement portfolio. Monitoring fund performance, however, can be more difficult as it is complex to benchmark and compare to other asset classes of investments.

**Real Estate Investment Trust (REIT)**

A REIT is a company that buys, develops, manages and sells real estate assets. REITs allow participants to invest in a professionally-managed portfolio of real estate properties. As pass-through entities, whose main function is to pass profits on to investors, a REIT's business activities are generally restricted to generation of property rental income. This type of investment would provide even more diversification opportunities to participants.

If the Board is interested in exploring either of the above asset class categories as a possible additional choice for the WDC, staff will work with Nationwide Retirement Solutions to research these options, as time permits, and present preliminary information to the Investment Committee at a future meeting.